

Moura Dubeux Engenharia

Introducing YE2026 TP of R\$40.00 and Reiterating Outperform

Outperform

Current Price R\$26.20

Target Price R\$40.00

BBG MDNE3 BZ

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Introducing YE2026 target price and reiterating Outperform: We are introducing our YE2026 TP of R\$40.00 (replacing YE2025 TP of R\$29.00), and incorporating Moura's 2Q25 results and strong 3Q25 operating figures into our model. In addition, we marginally lower our liquidity discount (and Ke by 50 bps) to reflect the improvement on Moura shares' liquidity to ~R\$20 million a day (vs. ~R\$10 million one year ago). We are reiterating our Outperform rating, based on: (i) strong competitive position in the Northeast market; (ii) a diversified mix of launches, skewed to more defensive segments (i.e., condominium division and MCMV program); and (iii) attractive valuation, with the stock trading at a 2026E P/E of 4.6x, despite improving profitability with 2026E ROE of ~24% (vs. 20.6% in the LTM), appealing 2024-27E EPS CAGR of ~29%, and a solid 2026E dividend yield of 6.8%.

Raising estimates (again): We are incorporating the 3Q25 operating preview into our model, as well as 2Q25 results and Santander's updated macro assumptions. Most important, we are raising our launches and pre-sales (%MDNE) estimates for the next two years by an average of 15% and 21%, respectively. As a consequence we raise our 2026-27E net revenue forecasts by an average of 14%. On the flip side, we are trimming our 2026-27 gross margin estimates by 110 bps and 128 bps, respectively, to reflect a lower share of condominium division on the launches mix. All in, we increase our net income estimates to R\$484.2 million for 2026 and R\$550.9 million for 2027 (up 25% and 16%, respectively, vs. our previous estimates).

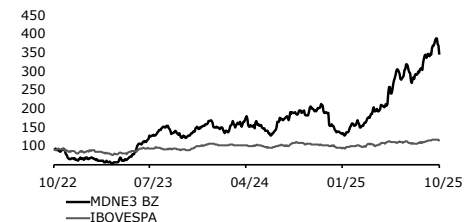
A win-win situation partnership with Direcional: We view this JV as a strategic milestone for both companies, and, in the case of Moura, it should further accelerate its diversification into the low-income segment. Moura will contribute to the JV with its profound regional knowledge, access to the best land plots, and expertise in project approvals in the region, while Direcional should help Moura to better navigate on the client transfer process and with its stronger knowledge regarding low-income sales force. Should the JV become successful, we estimate better profitability and SoS for both companies.

What Has Changed?

Introducing YE2026 TP of R\$40.00 (replacing our YE2025 TP of R\$29.00)

Previous TP was set on 06/09/25

Relative Performance (R\$)



Source: FactSet.

Company Data, October 07, 2025 (closing price)

	MDNE3 BZ	(R\$ mn)	2024A	2025E	2026E	2027E
Bloomberg code	MDNE3 BZ					
Current Price	R\$26.20					
Target Price (YE 2026)	R\$40.00					
Price Perf Last 12 Mth (Absolute)	64.26%					
52 Week Range (R\$)	10.44 - 30.37					
Market Cap (R\$ mn)	2,217					
Free Float (%)	40.9					
3-Mth Avg daily vol (R\$ mn)	19					
Outst shares (mn)	85					
(R\$)	2024A	2025E	2026E	2027E		
Adj EPS	2.96	4.82	5.70	6.49		
BVPS	18.14	21.90	25.83	29.84		
DPS	0.64	1.18	1.77	2.48		
Revenues		1,570	2,274	2,474	2,895	
EBITDA		255	430	481	582	
EBIT		248	414	460	554	
Net Profit		252	409	484	551	
Net Debt		107	(208)	(153)	(65)	
P/E (x)		12.4	5.4	4.6	4.0	
EV/EBITDA (x)		12.6	4.7	4.3	3.7	
Div Yield (%)		1.8	4.5	6.8	9.5	
Net Debt/EBITDA (x)		0.4	NM	NM	NM	

Sources: FactSet, Company Data and Santander estimates.

Important Disclosures/Certifications are in the "Important Disclosures" section of this report.

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Moura Dubeux Engenharia at a Glance

Table 1. Key Company Data

	R\$ mn				US\$			
	2024A	2025E	2026E	2027E	2024A	2025E	2026E	2027E
P&L Account								
Revenues	1,570	2,274	2,474	2,895	291	400	421	476
EBITDA	255	430	481	582	47	76	82	96
EBITDA YoY Change (%)	43.4	68.4	11.9	20.8	32.9	59.7	8.2	16.7
EBITDA as % of Revenue	16.3	18.9	19.5	20.1	16.3	18.9	19.5	20.1
EBIT	248	414	460	554	46	73	78	91
Net Financial Result	42	51	80	62	8	9	14	10
Associates	0	0	0	0	0	0	0	0
Taxes	(39)	(56)	(55)	(64)	(7)	(10)	(9)	(11)
Minorities	(0)	(0)	(1)	(1)	(0)	(0)	(0)	(0)
Net Profit	252	409	484	551	47	72	82	91
Adj Net Profit	252	409	484	551	47	72	82	91
YoY Change (%)	61.5	62.6	18.3	13.8	49.7	54.2	14.4	9.9
as % of Revenues	16.0	18.0	19.6	19.0	16.0	18.0	19.6	19.0
Cash Flow								
EBITDA	255	430	481	582	47	76	82	96
Lease Payments	172	101	163	19	32	18	28	3
Changes in Wkg. Capital	46	(292)	(328)	(366)	9	(51)	(56)	(60)
Capital Expenditures	(22)	(56)	(54)	(64)	(4)	(10)	(9)	(10)
Cash Financials	42	51	80	62	8	9	14	10
Cash Taxes	(39)	(56)	(55)	(64)	(7)	(10)	(9)	(11)
Other Cash Items	(0)	(0)	(1)	(1)	84	31	49	27
Free Cash Flow to Equity	454	178	287	167	0	0	0	0
Other Invest./(Divest.)	0	0	0	0	(10)	(18)	(26)	(35)
Dividends	(55)	(100)	(150)	(211)	(36)	0	0	0
Capital Increases/Other	(193)	0	0	0	13	(55)	10	14
Change in Net Fin. Debt	70	(315)	56	88				
Balance Sheet								
Cash and Equivalents	405	821	929	859	65	144	155	140
Current Assets	1,535	2,128	2,495	2,749	248	373	416	447
Goodwill	0	0	0	0	0	0	0	0
Non-Curr Assets (ex g'will)	1,839	2,151	2,463	2,679	297	377	410	436
Total Assets	3,778	5,100	5,886	6,287	610	895	981	1,022
Current Liabilities	787	1,120	1,168	1,240	127	197	195	202
Non-Current Liabilities	1,825	2,357	2,795	2,818	295	414	466	458
Minorities	(4)	7	8	9	(1)	1	1	1
Shareholders' Equity	1,540	1,859	2,193	2,534	249	326	366	412
Total Liabilities & Equity	4,148	5,343	6,163	6,600	670	937	1,027	1,073
Net Financial Debt	107	(208)	(153)	(65)	17	(37)	(25)	(11)
Other Ratios								
Dividend Payout (%)	21.7	24.4	31.0	38.2	21.7	24.4	31.0	38.2
ROCE (%)	37.9	50.8	38.8	34.3	36.4	49.7	38.3	33.8
EV/EBIT (x)	13.0	4.9	4.5	3.9	13.0	4.9	4.5	3.9
FCFF Yield (%)	8.4	3.1	4.4	6.5	8.4	3.1	4.4	6.5
P/BV (x)	2.0	1.2	1.0	0.9	2.0	1.2	1.0	0.9
Launches (Cia Stake)	2,542.7	4,505.4	4,400.0	4,500.0	471.8	793.0	748.7	739.7
Contracted Sales (Cia Stake)	2,389.9	3,632.5	4,223.8	4,328.3	443.5	639.3	718.7	711.5
Sales Speed (%)	54.3	54.1	55.8	55.1	54.3	54.1	55.8	55.1

Source: Company Data and Santander estimates.

Investment Case

We are reiterating our Outperform rating on Moura Dubeux, based on: (i) strong competitive position in the Northeast market; (ii) a diversified mix of launches, skewed to more defensive segments (i.e. condominium division and MCMV program); and (iii) attractive valuation, despite improving profitability, appealing 2024-27E EPS CAGR of ~29%, and a solid 2026E dividend yield. Our YE2026 target price is based on a free cash flow to firm analysis, using a WACC of 17.7% (previously 18.5%) in reais and nominal terminal growth of 4.0% (unchanged).

Investment Risks

Risks to our investment thesis include: (i) new entrants in the Northeast market toughening competition and affecting sales volumes, prices, and land costs in the region; (ii) higher interest rates and rising production costs, potentially reducing sales-over-supply and margins; (iii) lack of funding for the MCMV program caused by potential FGTS withdrawals and changes in the fund's rules; (iv) lower-than-expected demand for housing units in the Northeast region; and (v) liquidity risk. We also highlight execution risks associated with growth, including: (i) labor supply in the Northeast region; (ii) capacity to continue attracting new brokers to the operation; (iii) growth in the number of construction sites under management; (iv) landbank acquisition for new developments; and (v) entry in the low income segment.

Company Description

Founded in Recife by brothers Aluísio, Gustavo, and Marcos José Moura Dubeux in 1983, Moura Dubeux is currently one of the largest homebuilders in Brazil's Northeastern region and a market leader in the middle- to high-income segment in the cities of Recife, Fortaleza, and Salvador. The company also has some exposure to Natal and Maceió, Aracajú and João Pessoa.

Upgrading Estimates and Introducing YE2026 TP for Moura

We are incorporating the 3Q25 operating preview into our model, as well as 2Q25 results and Santander's updated macro assumptions. Most important, we are raising our net income estimates for Moura Dubeux by 25% and 16% in 2026-27E, primarily as we incorporate stronger expectations for launches. Details follow.

Raising launch and pre-sales estimates: Moura Dubeux has delivered a robust performance in the LTM, with launches and pre-sales growing 61% YoY and 47% YoY, respectively. Given this momentum, we remain confident that Moura Dubeux will accelerate its launch pace during 2026-27E, also capitalizing on: (i) a favorable competitive environment in the Northeast region; (ii) resilient demand for its condominium projects; and (iii) the recently announced JV with Direcional to develop projects within Bracket 3 and Bracket 4 of the MCMV Program. As a result, we are raising our launch (%MDNE) estimates by 17% and 13% in 2026E and 2027E, to R\$4.4 billion and R\$4.5 billion, and our pre-sales (%MDNE) forecasts by 27% and 16% in 2026E and 2027E, to R\$4.2 billion and R\$4.3 billion, respectively.

Raising net income estimates: As a consequence of the aforementioned stronger launches/pre-sales, we are also raising our 2026-27 net revenue forecasts by 12% and 15%, respectively. On the flip side, we are trimming our 2026-27 gross margin estimates by 110 bps and 128 bps, respectively, to better reflect management indications and our forecasts that the condominium division will represent a lower share of the consolidated business. Still, we are forecasting net income estimates of R\$484.2 million for 2026 and R\$550.9 million for 2027 (up 25% and 16%, respectively, vs. our previous estimates).

Figure 1 - MDNE3 Estimates: Current vs. Previous (R\$ million)

	2025E			2026E			2027E		
	Current	Previous	Δ	Current	Previous	Δ	Current	Previous	Δ
Launches (%MDNE)	4,505.4	3,400.0	33%	4,400.0	3,750.0	17%	4,500.0	4,000.0	13%
YoY Growth	77.2%	33.7%		-2.3%	10.3%		2.3%	6.7%	
Pre-sales (%MDNE)	3,632.5	3,060.1	19%	4,223.8	3,325.7	27%	4,328.3	3,738.3	16%
YoY Growth	52.0%	28.0%		16.3%	8.7%		2.5%	12.4%	
Net Revenues	2,273.9	1,977.2	15%	2,473.8	2,207.6	12%	2,894.6	2,519.0	15%
YoY Growth	44.8%	25.9%		8.8%	11.6%		17.0%	14.1%	
Gross Profit	784.1	696.9	13%	867.6	798.4	9%	1,021.8	921.3	11%
YoY Growth	48.8%	32.3%		10.7%	14.6%		17.8%	15.4%	
Gross Profit Margin	34.5%	35.2%	-77 bps	35.1%	36.2%	-110 bps	35.3%	36.6%	-128 bps
YoY Growth	94 bps	170 bps		59 bps	93 bps		23 bps	41 bps	
Adj. EBITDA	467.2	412.5	13%	528.2	486.7	9%	636.1	574.2	11%
YoY Growth	63.7%	44.5%		13.1%	18.0%		20.4%	18.0%	
Adj. EBITDA Margin	20.5%	20.9%	-32 bps	21.4%	22.0%	-70 bps	22.0%	22.8%	-83 bps
YoY Growth	238 bps	269 bps		81 bps	119 bps		63 bps	76 bps	
Net Income	409.2	342.0	20%	484.2	387.8	25%	550.9	473.8	16%
YoY Growth	62.6%	35.9%		18.3%	13.4%		13.8%	22.2%	
Net Income Margin	18.0%	17.3%	71 bps	19.6%	17.6%	201 bps	19.0%	18.8%	23 bps
YoY Growth	197 bps	127 bps		158 bps	28 bps		-55 bps	125 bps	

Source: Santander Estimates

Where We Stand Vs. Consensus

We are above consensus in terms of 2026-27E net revenue, which is likely a reflection of our higher estimated launches and pre-sales. Additionally, we are 100 bps below consensus regarding 2026-27E gross margin, which we believe is associated with our forecast of a lower share of condominium projects in the consolidated business. All in all, we are 10% and 9% above consensus regarding 2026E and 2027E net income, respectively.

Figure 2 - Santander Estimates vs. Consensus (R\$ million)

	2025E			2026E			2027E		
	SANB	Consensus	Δ	SANB	Consensus	Δ	SANB	Consensus	Δ
Net Revenues	2,273.9	2,101.0	8%	2,473.8	2,411.0	3%	2,894.6	2,750.0	5%
Gross Profit	784.1	741.9	6%	867.6	869.4	0%	1,021.8	997.9	2%
Gross Profit Margin	34.5%	35.3%	-83 bps	35.1%	36.1%	-99 bps	35.3%	36.3%	-100 bps
EBITDA	430.1	412.0	4%	481.4	488.5	-1%	581.5	573.5	1%
EBITDA Margin	18.9%	19.6%	-70 bps	19.5%	20.3%	-81 bps	20.1%	20.9%	-77 bps
Net Income	409.2	362.0	13%	484.2	439.0	10%	550.9	505.8	9%
Net Income Margin	18.0%	17.2%	77 bps	19.6%	18.2%	137 bps	19.0%	18.4%	65 bps

Source: Santander Estimates and Bloomberg

Valuation

We are introducing our YE2026 target price of R\$40.00 (replacing our YE2025 TP of R\$29.00), implying 52.7% upside potential from the current price (total return of 59.4%), prompting us to maintain our Outperform rating on the stock. Our valuation is based on an FCFF analysis, which uses a WACC of 17.7% in reais (from 18.5% previously, as we reduce our liquidity risk discount in light of the company's increase in trading volume) and

nominal terminal growth of 4.0% (unchanged). In addition, our YE2026 target price implies a P/E at target of 7.0x and 6.1x for 2026E and 2027E, respectively.

Figure 3 - MDNE3: Valuation Summary

Stock Performance		Cost of Capital	
Ticker	MDNE3	Risk Free Rate (BRL)	9.0%
Outstanding Shares (million)	84.9	Risk Premium	5.4%
Mkt Cap (R\$ bi)	2.2	Liquidity Discount	2.5%
Rating	Outperform	Beta	1.52
Pricing Date	7-Oct-25	Cost of Equity (R\$ nominal)	19.7%
Stock Price	R\$ 26.20	Debt-to-Capital Ratio	25.0%
2026E TP	R\$ 40.00	Pre-tax Cost of Debt (R\$ nominal)	13.0%
Upside	52.7%	Tax Rate	11.0%
Dividend Yield	6.8%	WACC (R\$ nominal)	17.7%
Potential Total Return	59.4%	Perpetuity Growth	4.0%

Source: Bloomberg, Company Data, and Santander Estimates

Risks

Risks to our investment thesis include: (i) new entrants in the Northeast market toughening competition and affecting sales volumes, prices, and land costs in the region; (ii) higher interest rates and rising production costs, potentially reducing sales-over-supply and margins; (iii) lack of funding for the MCMV program caused by potential FGTS withdrawals and changes in the fund's rules; (iv) lower-than-expected demand for housing units in the Northeast region; and (v) liquidity risk. We also highlight execution risks associated with growth, including: (i) labor supply in the Northeast region; (ii) capacity to continue attracting new brokers to the operation; (iii) growth in the number of construction sites under management; (iv) landbank acquisition for new developments; and (v) entry in the low income segment.

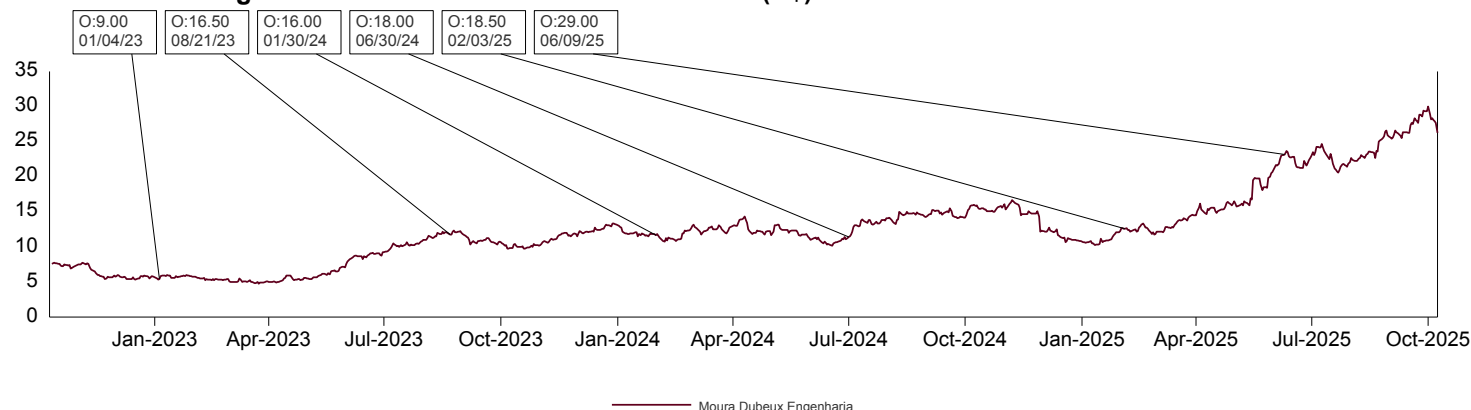
Other Mentioned Companies:

CEF (not listed)

Directional (DIRR3; Outperform; TP: R\$16.70; CP: R\$15.18)

Sources: Santander Research and Bloomberg; Prices as of Oct 7, 2025

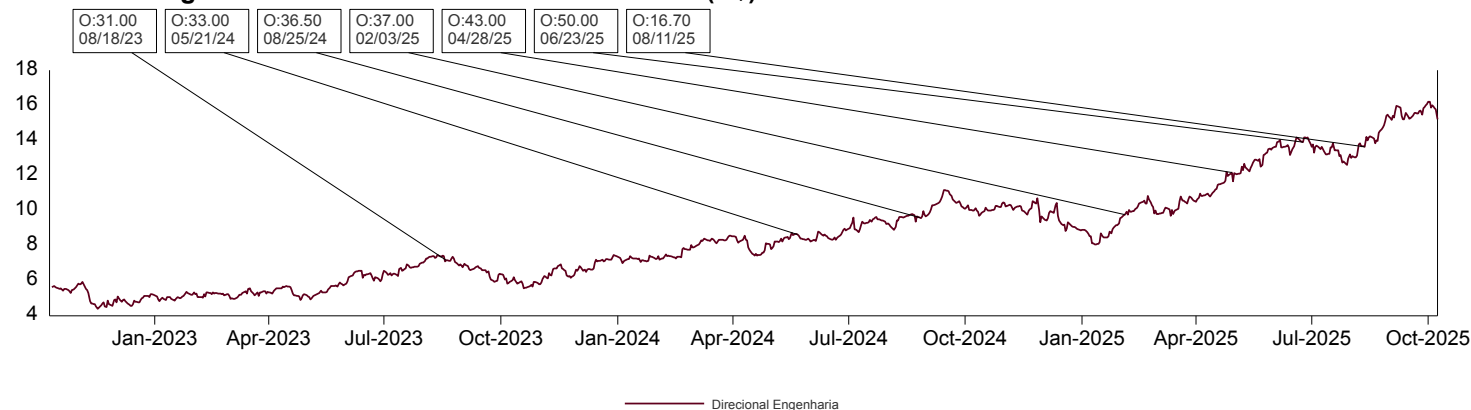
Moura Dubeux Engenharia - Three-Year Stock Performance (R\$)



Valuation & Risks

Our YE2026 target price was derived from a free cash flow to firm analysis, using a WACC of 17.7% in reais and a nominal terminal growth of 4.0%. Risks to our investment thesis include: (i) new entrants in the Northeast market toughening competition and affecting sales volumes, prices, and land costs in the region; (ii) higher interest rates and rising production costs, potentially reducing sales-over-supply and margins; (iii) lack of funding for the MCMV program caused by potential FGTS withdrawals and changes in the fund's rules; (iv) lower-than-expected demand for housing units in the Northeast region; and (v) liquidity risk. We also highlight execution risks associated with growth, including: (i) labor supply in the Northeast region; (ii) capacity to continue attracting new brokers to the operation; (iii) growth in the amount of construction sites under management; and (iv) landbank acquisition for new developments.

Direcional Engenharia - Three-Year Stock Performance (R\$)



Valuation & Risks

Our YE2026 target price was derived from a free cash flow to firm analysis, using a WACC of 13.6% in reais and a nominal terminal growth of 4.0%. Risks to our investment thesis include: (i) higher-than-expected construction inflation driven by a significant increase in materials costs (e.g., steel, cement and copper) and labor; (ii) steepening of mortgage rates due to fiscal deterioration, causing a negative impact on affordability for clients financed in the SBPE; and (iii) lack of funding for the MCMV program caused by potential FGTS withdrawals and changes in the fund's rules. Among the main challenges we observe for a new growth round are: (i) capacity to continue attracting new brokers to the operation; (ii) growth in the number of construction sites under management; and (iii) landbank acquisition for new developments.

Key to Investment Codes*

Rating	Definition	% of Companies	
		Covered with This Rating	Provided with Investment Banking Services in the Past 12 months
Outperform	Expected to outperform the local market benchmark by more than 10%	60.52%	48.94%
Neutral	Expected to perform within a range of 0% to 10% above the local market benchmark	31.33%	45.21%
Underperform	Expected to underperform to local market benchmark	3.86%	44.44%
Under Review		4.29%	70.00%

The numbers above reflect our Americas universe as of June 30th, 2025.

For a discussion, if applicable, of the valuation methods used to determine the price targets included in this report and the risks to achieving these targets, please refer to the latest published research on these stocks. Research is available through your sales representative and other electronic systems.

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